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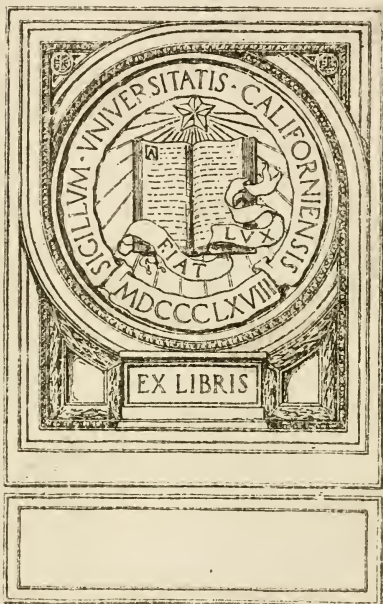


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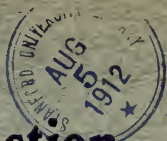
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The
Influence of Protection
on
Agriculture in Germany



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La Belle Sauvage, Ludgate Hill, London, E.C.,

FOR THE

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1910

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The Influence of Protection on Agriculture in Germany

NOTHING in German political history of to-day has been more remarkable than the results of the recent by-elections to the Reichstag, at Usedom-Wollin and Friedberg-Büdingen. Both are essentially agrarian constituencies, and the latter specially was represented for seventeen years by one of the chief Agrarian leaders in Germany, Count Oriola, a pillar of the formidable Union of Farmers, the organisation of Prussian and other Junkers. Yet in both the Agrarian candidates have sustained a crushing defeat, and that at the hands of the Social Democrats. Seeing that the latter had at no time in the course of their previous history been able to obtain anything like a solid footing in the agricultural districts, and at the general election of 1907 lost enormously precisely in the rural and semi-rural constituencies, the present remarkable swing of political opinion among the agricultural population cannot but be regarded as a symptom of profound unrest, due to some formidable cause. A peasant population, which in Germany, as elsewhere, is not only dominated by the squire and parson, but by the whole chain of traditions and conceptions handed down from centuries before, is not easily moved even on the road which lies nearest to it, and when we see it swinging round within a short period of three years from extreme conservatism to extreme revolutionism, flouting, as it were, all authority and all traditions, we are entitled to suppose some very powerful agency at work.

What is that agency? The Socialist *Vorwärts*,* in commenting upon the result of the by-election at Fried-

* June 25, 1910.

berg-Büdingen, put the matter in a nutshell when it said : "A portion at least of the small farmers have now at last realised that they had been duped by the Union of Farmers and had been sacrificed in the interests of the large landlords." Those who have followed German home politics during the last decade will not need to be told what this means. It means that the small farmers have become disappointed with the Agrarian tariff of 1902, which they had been induced to support as a measure calculated to further their interests, but which has ultimately turned out to be to their disadvantage and to further the interests only of the large landed proprietor. It is, then, according to the Socialist organ, the discovery that high Protection has brought them great harm that has induced the small farmers to revolt against the Junkers and is driving them into the most uncompromising opposition to the present order of things.

There is a good deal of truth in this view, for though the last Agrarian tariff has only been in operation four years, its detrimental effect on the economic condition of the small landholder and farmer is becoming patent to all students of German agriculture. It is desirable that in this country, too, the public should know what this effect is, seeing that our Tariff Reformers lay great stress on the benefits which small farming would derive from protective duties on agricultural produce, and even profess to see in them the basis on which a class of peasant proprietors could be created and reared afresh in this country.

There was a time, as everybody knows, when the German Agrarians were most passionate Free Traders. "It is true," said Herr von Wedell, the leader of the Conservatives in the Reichstag, as late as 1877,* "that there are duties on some agricultural produce, such as hops, butter, cheese, and pigs. But these duties are purely financial, and I can tell you—I think all the German

* Janssen, " Liberale Bauernpolitik," Berlin, 1910, p. 52.

farmers will support me—that we are prepared at any moment to abolish them.” Germany was at the time a great grain-exporting country, and the Junkers had no interest in duties which would bring them nothing and would create difficulties for their exports. But in 1879 Bismarck, yielding to the pressure of the big industrialists, decided to introduce Protection for the manufacturing interests, and in order to conciliate the Agrarians, who looked with disfavour on the industrialisation of the country, he offered them a duty on corn. Not all Agrarians accepted the bargain. Some fought against it, and only accepted a duty of 5 marks per ton for purposes of import “registration.” But others saw in the proposed duty a compensation for the possible decrease of exports, and even effected an increase to 10 marks per ton. Herr Wedell now himself declared* that “the protection of iron and of rye is equally indispensable to the welfare of the Fatherland.” “The welfare of the Fatherland” has since then become synonymous with a high import duty on corn and other agricultural produce. In the very year 1879, when he was creating industrial as well as Agrarian Protection, Bismarck declared† that “even the most insane Agrarian will never think of a duty of 30 marks per ton.” But in 1885 the duty was raised to that figure, and two years later it even rose to 50 marks. With the fall of Bismarck and the advent of Caprivi there came a period of comparative relaxation, due to the new policy of commercial treaties, and the duties were lowered to 35 marks for wheat and rye, 28 marks for oats, 20 marks for barley, and so all round. The amount of Protection thus offered to the pockets of the Junkers was still very ample, but so used had they become to make additional profit from

* Janssen, l.c., p. 53.

† Gothein, “Der von der staatlichen Wirtschaftspolitik in Deutschland erzielte Effekt auf industrielle und landwirtschaftliche Entwicklung,” Berlin, 1909, p. 2.

the home consumers that its slight curtailment turned them all into revolutionists. "I propose to you," ran the famous appeal of one of their stalwarts, Herr Rupert,* "nothing more nor less than that we should all join the Social Democrats and make serious opposition to the Government. We must show it that we will not stand the bad treatment meted out to us, and that we must make it feel our power. . . . We must shout so that the whole country shall hear us; we must shout until our voices reach the halls of Parliament and of the Ministries; we must shout until our voice is heard on the very steps of the throne." And they did shout and oppose the Government in a manner that up to that time had been unknown in Germany. They did not, indeed, join the Social Democrats, but they formed an organisation of their own—the Union of Farmers—which soon shook heaven and earth with its cries. It did not matter to them that the Prussian State Council, after considering their demands, declined to accede to them, finding it "a doubtful policy for the State to increase the prime necessity of life."† Nor were they much moved when the Prussian Minister of Agriculture, Herr von Hammerstein, openly declared their agitation to be "dangerous from a public point of view." They did not even mind being branded by the Kaiser himself as "bread-usurers."‡ They proceeded in their agitation with an ever increasing energy and unscrupulousness, gained the adherence of the foremost Junkers, titled and otherwise, in the land, overthrew first Count Caprivi and then Prince Hohenlohe, and lastly, having obtained a Chancellor after their own heart in Bülow and sympathetic allies in the Clerical Centre, they succeeded in overpowering all opposition and ultimately, after a great parliamentary fight, carried their object

* Janssen, *l.c.*, p. 61.

† E. Wurm, "Die Finanzgeschichte des Deutschen Reiches," Hamburg, 1910, p. 133.

‡ Wurm, *ib.*

through. On the night of December 14, 1902, the new Agrarian Tariff was adopted in the Reichstag by a majority of 202 against 100 votes, and came into force in March, 1906. By it the duty on wheat was raised to 55 marks per ton, on rye to 50 marks, on oats likewise to 50 marks, on malt barley to 40 marks, on fresh meat to 270 marks, on boneless fresh meat to 224 marks, on frozen meat to 350 marks, and so forth in a generous manner, excluding from Protection only donkeys, foreign decorations, and dead bodies in coffins.

Undoubtedly the peasants and small farmers formed the main support of the Agrarian agitation. Even at present,* out of 316,000 members of the Union of Farmers, only about 2,000 belong to the class of large proprietors, who, it is true, manage the Union, but represent, nevertheless, a small minority. The bulk belongs to the peasant class, which has been gained over by specious arguments concerning high profits, exclusion of imports, extension of farm land, safety of the home market, and all the good things which are usually trotted out on such occasions. Let us, then, consider how these prospects have been realised.

The most obvious effect of the Agrarian duties has been a rise of prices of agricultural produce. To take but the chief kinds of corn, wheat and rye, we find the following movement of prices (in marks per ton) on the Berlin market :†

		Wheat.	Rye.			Wheat.	Rye.
1895	...	142.5	119.8	1905	...	174.8	151.3
1900	...	151.8	142.6	1906	...	179.6	160.6
1901	...	163.6	140.7	1907	...	206.3	193.2
1902	...	163.1	144.2	1908	...	211.2	186.5
1903	...	161.1	132.2	1909	...	233.9	176.5
1904	...	174.4	135.1	1910 (Jan. 1)		227.1	167.0

This table exhibits not only a steady increase of prices

* Wurm, l.c., p. 130.

† Compiled from the data of Berlin Statistical Bureau by the "Vorwärts," No. 123, 1910 ("Wirtschaftlicher Wochenbericht").

of corn in the course of the last fifteen years, but, what is of special interest to us, a considerable jump in the year 1906-7, immediately after the new Tariff came into force, and the unmistakable growth since then. It may, of course, be argued that this increase of prices has been noticeable in all countries and is not confined to Germany alone. As against this it is but necessary to compare the prices in Germany and this country in order to see that all through German prices have been increased by the amount of the duty. Thus the annual average prices of wheat per imperial quarter in England and Wales and Prussia have been, since 1875, as follows :*

			England and Wales.			Prussia.			Amount of Duty.		
			s.	d.		s.	d.		s.	d.	
1875	...	...	45	2	...	41	11	...	—		
1880	...	...	44	4	...	46	10	...	2	2	
1885	...	...	32	10	...	34	8	...	2	2	
1890	...	...	31	11	...	41	2	...	6	6½	
1895	...	...	23	1	...	30	0	...	7	7½	
1900	...	...	26	11	...	32	1	...	7	7½	
1905	...	...	29	8	...	36	7	...	7	7½	
1906	...	...	28	3	...	37	3	...	11	10	
1907	...	...	30	7	...	43	1	...	11	10	
1908	...	...	32	0	...	43	8	...	11	10	

Ever since the first duties were introduced the prices in Prussia have invariably stood above those in England and Wales almost to the exact amount of the duty.† Indeed, it could not be otherwise, for though the production of corn cannot be regulated in a manner similar to that of manufactured articles, in consequence of which a good crop must necessarily lead to a fall of home prices, be the import duty ever so high, that danger has been

* "British and Foreign Trade and Industry," 1909 (Cd. 4954), pp. 194-195.

† According to the "Vierteljahrsheft zur Statistik des Deutschen Reiches," 1910, I., the price for wheat in the first quarter of the current year was as follows: Berlin, 226.2; London, 164.5; Odessa, 167.6; Chicago, 173.5, and Liverpool, 191.3 marks (shillings) per ton.

obviated in Germany by a provision allowing a remission of duty to the exporters of corn in the shape of certificates entitling the holders to a rebate of equal amount on certain articles—coffee, petroleum, flour, and corn—imported from abroad. Thus, supposing one exports 1,000 tons of wheat, the exporter gets a certificate of the value of 5,500 marks, which is the amount of duty which that quantity of wheat would pay if it were imported. The certificates can then be sold to an importer of coffee at the usual discount, and the rebate is turned into an export bounty. In this way the corn market is effectually relieved from a superfluity of corn which might have reduced the price, and the corn grower, even when selling abroad at the world's market price, pockets his duty.*

So far so good—not, indeed, for the consumer, but for the corn grower. But who is that fortunate person who is always secure of his additional “earning” of 5 marks or 5 marks 50 pfennig per ton? Is it the small farmer? Not in the least. Prince Hohenlohe, in the course of the Agrarian debate in the Reichstag on March 29, 1895, spoke as follows:†

“Such proposals will by no means benefit all the farmers. The major portion of farming concerns will derive no benefit from them, and there are many which,

* Report on Frankfort for 1908, pp. 17-19; Wurm, l.c., pp. 141-142. This clever contrivance is operated under the cloak of the law, which permits the free importation of goods intended for re-export, provided they carry with them a proof of their identity. In the case of corn, however, this latter provision was abolished in 1894, as a result of which corn is exported as if it has been previously imported. The State loses by this veiled system of export bounties enormously, the exports being, of course, much larger than the imports. Thus, between August 1, 1908, and July 1, 1909, the duty on rye yielded to the Exchequer £540,000, and the expenditure in connection with the issue of the remission certificates amounted to £1,940,000. The difference—the taxpayers' money—was pocketed by the exporting landlords. Recently the Government made an attempt to justify the system in a Memorandum submitted to the Reichstag. The arguments were torn to shreds by the Association of German Millers in a counter Memorandum. See “Kölnische Zeitung,” May 31, 1910.

† Wurm, l.c., p. 133.

so far from being benefited, will only suffer from them. . . . Farms up to 12 hectares * have no corn to sell at all, but have in most cases to buy corn themselves. In the best of cases farms above six hectares will, if the soil is favourable, be in a position to meet the demand of the owner and his family for corn. The number of farms below 12 hectares amounts to some four millions, that is, 76 per cent. of all farms. Taking three and half persons per farm, we find that a population of something like 15 millions will derive no benefit from an increase of corn duties—nay, they will, with few exceptions, directly suffer through an increased cost of their living.”

This was the opinion of an Imperial Chancellor, himself one of the largest landowners in Germany, and there can be no doubt that it was rather optimistic than otherwise. It is generally believed† that only farmers holding more than 100 hectares can and do grow corn for sale, which for milling or export purposes must be of uniform quality and offered in large quantities; farmers holding between 20 and 100 hectares do not grow it regularly, and those holding less than 20 hectares may be said not to grow it at all or grow it only for their own consumption. The distribution of landed property in Germany was, however, according to the last census of 1907, as follows (in hectares) :

				No.		Per cent.
Below 2	...	...	...	3,378,509	...	58.7
From 2 to	5	...	...	1,006,277	...	18.5
From 5 to	20	...	...	1,065,539	...	18.5
From 20 to	100	...	...	262,191	...	4.4
Above 100	...	...	...	23,566	...	0.9

The first two classes of farmers who certainly do not grow any corn at all, but have to buy it for their consumption, form over 77 per cent. of the total number of landed proprietors. They are directly damaged by the

* The hectare is equal to 2.47 acres.

† Janssen, l.c., pp. 67-68.

corn duties and the consequent high prices. The next class, those farming between five and 20 hectares, may not suffer from the duties, but they do not derive any benefit from them, and they form 18.5 per cent. of the whole. It thus appears that the high duties on corn have only benefited something like 5 per cent. of the total number of farmers in Germany, those being the largest proprietors—the so-called big peasants (Grossbauern) and the feudal landlords, the Junkers. "Welfare of the Fatherland" indeed.

But if the small farmers do not grow corn, perhaps they grow something else on which they benefit by Protection? No doubt they do. They breed live stock for slaughter and dairy purposes, which pursuit still forms the main agricultural occupation in Germany. According to official statistics, which some regard as rather an under-estimate,* 40.6 per cent. of the net revenue yielded by agriculture comes from cattle rearing and the dairy industry, as against 26.4 per cent. which is derived from the sale of corn. It is at the same time a pursuit in which the small farmer engages to a much greater extent than the large landowner. To take the figures of the last census in Prussia, we find† that whereas on the large farms of 100 hectares and over the number of cattle raised was one per 4.2 hectares and that of pigs was one per 7.54 hectares, on the middle-sized farms the corresponding figures were one per 1.9 and 1.89 hectares respectively. Only in sheep raising, which, of course, requires extensive pastures and is only possible on large estates, the farms of 100 hectares and over show a preponderance over the smaller sized, the ratio of sheep being one per 2.4 hectares on the former, as against one per 9.6 hectares on the latter.

* Gothein, l.c., p. 9; cf. Janssen, l.c., p. 42.

† "Korrespondenz des Deutschen Bauernbundes" in "Frankfurter Zeitung," July 8, 1910.

At the same time the prices of live stock and meat have risen considerably. The following shows the movement of prices of the chief animals in Berlin in marks per 100 kilo. slaughtering weight :*

			Cattle.	Pigs.	Calves.	Sheep.
1886-90	...	...	104.04	98.07	98.06	101.04
1891-95	...	...	116.07	102.06	107.04	101.00
1896-1900	...	...	114.07	98.66	119.04	107.02
1900-05	...	...	127.03	111.03	135.09	126.06
1906	...	...	147.07	133.08	162.07	157.07
1907	...	...	146.06	110.03	163.04	149.03
1908	...	...	139.00	116.03	156.06	140.07
1909	...	...	131.06	133.03	156.07	141.05

For reasons which will be mentioned below the movement of prices of meat has not been, and, indeed, could not be, so uniform as that of the prices of corn, but the general rise since the middle of the 'eighties is unmistakable, and the jump in 1906 is especially very notable. It would thus appear at first glance that the small farmer, who, as we said, is for the most part a cattle and pig rearer, must have done, under Protection, very well. But that is only "at first glance," as he himself soon found out. After the first flush of enthusiasm in 1906, which made him vote at the elections of January, 1907, for the Junkers and other Protectionists, the small farmer began to perceive that the high prices of cattle and pigs did not go by themselves, but were accompanied, shadow-like, by high prices of other articles, which went far to neutralise the advantages from the high meat prices. There were, first of all, the high prices for fodder. By the new Tariff of 1906 the duty on maize was suddenly raised from 16 to 30 marks, that on fodder rye from 35 to 50 marks, that on beans from 15 to 20 marks per ton, and so on, with the sole exception of barley, the duty on which, for fodder purposes, was reduced from 20 to 13 marks per ton. These duties render imported fodder absolutely inaccessible to

* Reports on Frankfort for 1907, p. 18; for 1908, p. 20.

the small farmer, who has thus to rely exclusively on his own production of these articles. Should the corn, hay, and potato crops turn out satisfactorily, the small farmer can, other things being equal, make a good profit out of the sale of his cattle or pigs; but when the crops fail, as not infrequently happens, especially on small farms with insufficiency of manure, the animals can no longer be fed, and they are taken to market in poor condition and there sold at almost any price. In such times there is an overwhelming supply of young animals on the chief markets, and the prices sink to a ruinous level. Should, immediately afterwards, the prices rise again, the peasant finds himself in a position of not having any more animals to sell, in consequence of which he is unable to make use of the improved condition of the market.* Thus—to take an example from recent years†—in 1901 the prices for pigs stood at a pretty high level of 46 to 47 marks per 100 kilos. In 1904, however, the potato crop turned out very badly, being about 14 per cent. lower than in the previous year. At once the small farmer, who could buy no other fodder on account of the duty, was driven to dispose of his pigs, and the prices sank to 33-34 marks. In the course of 1905 the prices rose again to 44-49 marks, but, the sties being now empty, it was only the big farmer and the Junker, who had been able to withhold their pigs from the market in the previous year, who got the benefit of the high prices. Gradually, however, the peasant, too, succeeded in rearing up a new supply of pigs, but by the time he was beginning to make a good profit there came the partial failure of the crops in 1907, together with the crisis, which reduced the consumption of meat, and he once more found himself with a vast number of animals on his hands which he had to sell or else lose altogether. The prices for pigs sank once more from

* Gothein, l.c., pp. 10-12.

† Janssen, l.c., pp. 98-104.

54 to 60 marks per 100 kilos in September, 1906, to 29.30—32 marks in the autumn of 1907, and the poor peasant had to lament the duties on fodder, which render a steady course of production and sale impossible. This, by the way, is the reason why the prices for cattle and pigs do not move in a regular manner, but are subject to violent fluctuations.

Along with the duties on fodder the small farmer has only too often to lament the high duties on living animals which he requires for rearing or breeding purposes. It is largely the practice of the peasantry on the Eastern frontier—in Posen, East and West Prussia, and in Upper Silesia—to acquire young and lean animals and rear them or fatten them, as the case may be, and afterwards re-sell them. The high prices for live animals have rendered this hitherto pretty safe business exceedingly speculative and placed great difficulties in the way, especially of the smaller farmer. It equally applies to cattle and pigs, and still more so to horses, the breeding of which by the small farmer has now been almost entirely abandoned, the duty on horses amounting to 50-75 marks per head.

It is not otherwise with the improvement of the stock which is of particular importance in the dairy industry.* Dairy farming is still carried on by the small farmer to a large extent, owing to the high prices for milk, butter, and similar produce. But here, too, he has to contend with ever-increasing difficulties. The climate of Germany is generally dry, and with the gradual shrinkage of meadow land, consequent upon the extension of corn culture (of which we shall yet have to say a word or two below), the small farmer has to fall back more and more upon the system of feeding his cattle in sheds. This has a detrimental effect upon the cattle and renders the introduction of new blood by foreign breeds indispensable. But how can the small farmer afford foreign varieties

* Gothein, l.c., p. 16.

when the duty on all horned cattle amounts to 8 marks per 100 kilos. of live weight, equal to at least 40 marks per bullock or cow? To this is added the embargo which is laid on foreign cattle ostensibly for the purpose of safeguarding native breeds from contamination, but in reality to exclude foreign competition.* No ruminant animals may be imported from the United Kingdom, France, Italy, Netherlands, Russia, America, Australia, and many other countries, except, under certain conditions, from Austria-Hungary and Denmark. As a consequence the native race is left unimproved, and, with the exception of certain districts, yields insufficient milk, and that of none too high a quality.†

It is, of course, impossible, in the absence of statistical data, to estimate even approximately the damage done to the rearing of live stock and the dairy industry by the dearness of fodder and the practical exclusion of foreign breeds. Indirectly, however, the results are seen in the exceedingly slow process of expansion of these particular branches of agriculture, in spite of the growth of population and the rapid urbanisation of Germany. We find, for instance,‡ that while in the period between 1896 and 1906 the area under the chief corn plants increased by 360,625 hectares, and that under potatoes by 249,211 hectares, meadow land only extended by some 42,000 hectares. Likewise we find§ that, according to the census of live stock in the German Empire on December 2, 1907, only the number of pigs increased in the period between 1892 and 1907 in a substantial manner, namely, from 12.1 to 22.1 millions, or 82 per cent., whereas the number

* Wurm, l.c., p. 143. Recently about forty head of German cattle, carefully selected for the Argentine Exhibition, were rejected by the sanitary authorities at Buenos Ayres as suffering from tuberculosis.

† Gothein, l.c., p. 10.

‡ Gothein, l.c., p. 8.

§ Journal of the Board of Agriculture, June, 1909, p. 214.

of horses, including military, only increased from 3.8 to 4.3 millions, that is, 13 per cent., the number of cattle from 17.5 to 20.6 millions, that is, 17 per cent., and the number of sheep even fell from 13.5 to 7.7 millions. Considering that the raising of live stock is mainly the occupation of the small farmer and constitutes his chief source of income, it is obvious that his business, except in the pig-rearing branch, has not prospered much. It must, moreover, be noticed that our statistical information does not carry us further than the first year after the introduction of the new tariff. We shall have to wait for the next census in order to be able to measure the full effect of the "protective" duties on this particular branch of agriculture.

It is thus evident that the German small farmer is, after all, not such a happy creature as one is generally apt to infer from the high prices which obtain in Germany for agricultural and dairy produce. That branch of agriculture which is prosperous is the one from which he is almost entirely excluded, and those branches in which he is pre-eminently engaged are not prosperous at all.* To these disadvantages of a producer must be added the general

* A striking corroboration of the arguments set out in the text is contained in a pamphlet recently published by Baron Ferdinand von Pantz on the effects of the Agrarian duties in Austria, another highly "protected" country (*"Die Hochschutzzollpolitik Hohenblums und der österreichische Bauernstand,"* Vienna, 1910). The author is himself a high Agrarian, and the material contained in his pamphlet has been collected by the Austrian Ministry of Agriculture. We quote the following conclusions of Baron von Pantz from a review of his pamphlet in the *"Frankfurter Zeitung"* of July 8, 1910:

"It can be safely assumed that farms below 5.75 hectares are nowhere able to sell corn or similar agricultural produce. In districts less favourable to agriculture, those situated in the mountains or covered with woods, the area of farms which have to purchase their corn is still larger. Even farms of the extent of 50 to 100 hectares are obliged to purchase quantities of corn and of fodder. The author, therefore, comes to the conclusion that between 90 and 95 per cent. of the Austrian peasantry have no interest in the high corn prices, but are, on the contrary, often directly damaged by them. The harm consists not only in the enhancement of the cost of living, but also in the rise of the costs of cattle production. Cattle rearing

disadvantages which he shares with other consumers, but which, in his case, react on his position as a producer. He has to pay enhanced prices not only for his clothing and certain articles of his food, but also for his instruments of production—for his ploughs and other agricultural implements, for his horses and horses' harnesses, for his farm utensils, for his paint and for his tar, for his bricks and for his tiles—in short, for everything which he uses in his life and work. To take but one apparently trivial example.* Leather has to pay a duty according to weight. The peasant, even if he be the most cultured person on earth, must have for his field and farm work heavy boots. These weigh in Germany not less than $3\frac{1}{2}$ lbs. This carries with it a duty of 1s. 3d., as against 5d. which a fashionable young lady has to pay on her pair of dancing shoes. Such additional expenditure tells heavily on the peasant's budget, and cannot easily be made good by the high prices of corn which he does not sell, or by the prices of meat, which constantly fluctuate, or by the good prices for dairy produce which he cannot supply either in adequate quantities or of adequate quality.

But the above are only the direct effects of Protection working chiefly through the high prices for the auxiliary

requires a considerable amount of human labour, and the price of the latter is raised by the increased cost of breadstuffs. Also the fodder plants are expensive. In consequence of this the prices for cattle and corn frequently exhibit a movement directly opposite to each other. Official statistics show that high corn prices bring about low prices for cattle, especially when the hay crop turns out unsatisfactorily. A high price for corn compels the peasant to get rid of his cattle at all costs, whereby cattle prices are forced to a low level. The author shows how, since the increase of Agrarian duties, numerous peasant farms have been working at a loss, and how, even in the Alpine districts, the standard of life among the peasantry has been lowered. He asserts that the Alpine peasantry is becoming, in consequence of the high agrarian duties, pauperised and must soon, like a ripe fruit, fall into the lap of the Social Democracy." *Tout comme chez nous*, may well a German reader say on perusing these words.

* Janssen, l.c., p. 71.

material of agricultural production. There are also some indirect ways in which Protection works—more subtly, it is true, but none the less powerfully. We shall single out only one, but that one is already playing havoc with the entire agricultural system of Germany. We mean the way in which the protective duties, by increasing the prices for agricultural produce, enhance almost to a prohibitive extent the rents, and ultimately, through the rents, drive the land values (which, of course, are nothing but capitalised rents) to a tremendous height. A few instances will suffice to illustrate this important movement. In the course of 1909 and the present year a number of leases of Prussian State Domains fell in and were renewed, and the rents, according to a return made to the Prussian Landtag, moved upwards in the following manner.* One estate used to pay formerly 24.2 marks per hectare; now it will pay 30.5 marks. The rent of another brought in formerly 19.3 marks, and now it will amount to 28.7 marks. A third estate was held on lease in 1873 to 1891 at a rent of 108.9 marks per hectare; from 1891 to 1909 the tenant paid 120.2 marks; and the new lease was granted at 139 marks. Yet a fourth used to yield 84.4 marks per hectare; now it will yield 113.3 marks. The other day† the same administration leased out two other domains; one, which formerly yielded only 12,000 marks, was now leased out for 25,100 marks, and the other, which hitherto carried a rent of 13,000 marks, will now bring in 30,256 marks. Similarly with the purchase prices of land. A nobleman's estate (Rittergut) was bought twelve years ago for 270,000 marks. That was the time of Caprivi's era of commercial treaties. In 1908, however, two years after the introduction of the new tariff, it was sold for 500,000 marks, and at the beginning of the present year it was sold once more for 750,000 marks.‡ Within a dozen years

* "Berliner Tageblatt," January 15, 1910.

† "Frankfurter Zeitung," July 9, 1910.

‡ "Frankfurter Zeitung," July 19, 1910.

the value of the estate has thus increased 200 per cent. Similarly, an estate in Mecklenburg, recently acquired by Prince Schaumburg-Lippe, was bought in 1890 by a certain baron for 80,000 marks. He sold it a few years afterwards for 200,000 marks, and now the prince has bought it for 1,000,000 marks.* It is simply a case of capitalisation of the Agrarian duties, and nothing more. How, then, does the small farmer fare amidst this enormous growth of land values? It is evident that it is of no advantage to him so long as he lives, because, should he sell his land, he would cease to be an agriculturist and lose his sole source of income. He is not like a large landowner, who can sell his estate and, realising a good sum, invest it in some more profitable undertaking. But when he dies, what becomes of his land? It cannot feed his several sons, seeing that it only fed him alone with great difficulty. It is the practice† in German peasant families that one of the heirs should get the land and pay out the others in cash. But if the land values are high, the shares of the co-heirs will be equally high and will entail on the new proprietor a correspondingly heavier expenditure—in the majority of cases a debt just at the beginning of his new career. This, in the best of cases, when the land is the peasant's own. Should, however, his land, or a portion of it, be rented, it stands to reason that he has nothing to gain from the high land values, but everything to lose. He can neither increase the size of his farm nor, perhaps, retain his old one, and his position will proportionately deteriorate. The growth of land values, consequent upon the high protective duties, is thus no help but a great hindrance to the development of small estates and small farming.

It may, then, be asked, what is the evidence supplied by statistics with regard to the movement of landed

* "Frankfurter Zeitung," June 8, 1910.

† Gothein, l.c., p. 14.

property in Germany and its distribution? Do the small farmers increase or decrease in number, and does the land, owned or farmed by them, grow or contract? The latest available data refer to the year 1907, and they compare with those of the previous census as follows:

Size of Farms (in hectares).	No. of Farms.		Per cent. of total cultivated area farmed.	
	1895.	1907.	1895.	1907.
Below 2	3,236,367	3,378,509	5.6	5.4
From 2 to 5 ...	1,016,318	1,006,277	10.1	10.4
From 5 to 20 ...	998,804	1,065,539	29.9	32.7
From 20 to 100 ...	281,767	262,191	30.3	29.3
Above 100 ...	25,061	23,566	24.1	22.2

This table seems to contradict all the inferences to which we have been led by the foregoing discussion, and to support the views of those who maintain that Protection has been of great advantage to the small farmer. The larger farms, from 20 hectares onwards, have decreased both in number and in area; the middle-sized farms have increased in both; and while the farms of between two and five hectares have decreased in number and increased in area, those below two hectares have increased in number though decreased in area. On the whole, the table shows a slight transference of the centre of gravity of German agriculture from the larger to the smaller farms.

Yet we must not be too hasty in accepting this apparently obvious conclusion. The "farms" below two hectares do not count at all.* More than one-third of them are below a quarter of an hectare, and they overwhelmingly represent either kitchen gardens or potato patches, placed at the disposal of factory workers by industrial magnates, or of agricultural labourers by the local landlord at a nominal rent, with a view to keeping the men on the spot as "*adscripti glebæ*," or in exchange for services to be rendered at certain seasons. Their importance, if any, consists in the fact that their increase

* Wurm, l.c., pp. 151, 152.

has *pro tanto* diminished the area of the larger farms and thus contributed to the apparent retrogression of the figures in the last two lines of the table.

To some extent the same may be said of a considerable number of farms in the next class, since allotments of two hectares are only suitable for keeping a few pigs and growing a quantity of potatoes and other vegetables, and are not infrequently given by the landlord to the labourer as a "retaining fee" or as part of his wages. But with reference to this and the next class we must bear in mind the working of the famous Polish Expropriation Acts since 1886, which have been instrumental, at a great expense to the Prussian State, in breaking up a large number of big estates in the provinces of Posen and West Prussia and in artificially creating in their place a still greater number of small farms.* From that date to the end of 1909 the Prussian Government acquired 475 noble-men's estates and 294 large peasant farms, forming a total of 370,562 hectares, at a price of about £17.5 millions. The estates formed at least seven-eighths of this total area, and averaged over 500 hectares each. Upon this land more than 17,000 families have been settled, the average size of the holdings, created during the recent years, being about 12 hectares.† This vast number of small farms artificially created will go a long way to account for the increase of farms of the third class.

Lastly, it is to be observed that the return which we are now discussing refers to the year 1907, when admittedly the small farmers were still labouring under the big Protectionist delusion and were acquiring and leasing land in the expectation of still bigger profits in the future. Considering the disappointment which is now spreading in their ranks, one is entitled to assume that much of this speculation has turned out since then a ghastly failure, and

* Gothein, l.c., pp. 7-8.

† *The Times*, April 12, 1910, "Prussia and the Poles."

will correspondingly reveal itself in the figures of the next census.

Another insight into the agricultural situation in Germany is afforded by the figures of the general population census, which, however, also refer to the year 1907. The following is the number of agricultural population, according to the last three censuses, in the German Empire, and its relation to the total population : *

1907	...	...	...	...	17,681,176	...	28.6
1895	...	...	...	...	18,501,433	...	35.6
1882	...	...	...	...	19,225,455	...	42.0

These figures, however, include persons engaged in forestry and gardening, and those also to whom agriculture is not the main pursuit or who are merely engaged as domestic servants. Excluding these branches of agricultural industry and all classes which are not directly engaged in agriculture, we obtain a more favourable picture, namely :

1907	...	...	...	...	9,581,802	...	15.5
1895	...	...	...	...	7,841,858	...	15.1
1882	...	...	...	...	8,267,549	...	18.2

It would thus appear that the proper agricultural population of the German Empire has, since the preceding census, increased not only absolutely, but even relatively to the whole population. But the significance of this is wholly discounted by two facts. The first is that the increase in the number of persons engaged in agriculture is entirely due to the increase in the class of wage labourers, while the class of independent farmers has, on the contrary, decreased. In 1882 there were 2,288,033 independent farmers; in 1895, 2,568,725; and in 1907, 2,500,974. The number of agricultural labourers (including a small fraction of salaried employes, such as managers and clerks) was: 1882, 5,848,463; 1895, 5,723,967; 1907, 7,382,553. Thus, between 1882 and 1895, the period of comparative economic Liberalism, the

* " Statistisches Jahrbuch für das Deutsche Reich," 1910.

number of independent farmers increased, and then, in the period of 1895-1907, which included two years of high Protection, it fell again. One is justified in thinking that when Protection will have had time to work another ten years the census will exhibit a decrease in the number of independent farmers fully commensurate with the increase which took place in the twelve years of comparative freedom of exchange.

But there is yet another fact, full of significance, which greatly detracts from the face value of the table quoted above. This is, that the increase in the number of persons engaged directly in agriculture proper is due to an enormous increase of female labour. The figures of the census show that whereas in 1882 the number of women who were working in agriculture for wages was 2,251,860, it only increased in the course of the following twelve years to 2,388,148; and then, in the course of the next twelve years jumped up by two millions, to 4,254,488. This fact is most remarkable. It shows that there is no longer any room in German agriculture for the small man, working either as an independent farmer or even as a labourer. He drifts into towns, leaving the women to take his place. Protection, which has promised so many blessings to the small farmer and the labourer, has tremendously increased the process of rural depopulation so far as the men—younger sons of the small farmer, for the most part—are concerned.*

The shortness of time which has elapsed since the coming into force of the last Protectionist Tariff does not allow of any precise statement of facts, and all it is possible to do is to observe the circumstantial evidence and note the tendencies. That these latter are working to an enormous extent in favour of the larger landlords, especially the semi-feudal Junkers, is not denied even by them. That they at the same time must be working largely

* Cf. Gothein, l.c., pp. 15-16.

to the detriment of the smaller farmers is evident from the widespread dissatisfaction which is now noticeable in their ranks, and is fully corroborated by an analysis of the conditions under which they have been placed by the Tariff as well as by what indirect evidence it is possible to collect. In the nature of things the peasants in Germany, as elsewhere, belong to the least articulate class of society, and they themselves would for ever remain the last source from which we are likely to hear a clear account of their hardships and trials. It is just possible that, instead of giving vent to their dissatisfaction by voting for Social Democrats, as they do now, they may one day not only go back to their previous position, but even demand increased Protection as a remedy for those very wounds which Protection has already inflicted upon them. "You suffer," the Junkers, who are after their own interests, may tell them yet, "you suffer not from Protection, but from *inadequate* Protection, and if you want to prosper you must demand a further increase of duties." There would, in view of the well-known ignorance of the rustics, be nothing very wonderful in their permitting themselves once more to be gulled by these empty promises, and become once more Protectionists, and that with a vengeance. This, however, would clearly prove nothing, and things being such as they have been described in the foregoing pages, we may confidently expect in a few years' time to see the baneful effects of Protection exhibited in clear language in figures directly bearing upon the subject. It is, at any rate, obvious that the Protectionists have not made out their case with regard to the alleged benefits which small farming derives from high duties on agricultural produce, and those in our own countryside who are inclined to listen to the specious promises of the Tariff Reformers on the subject of agricultural revival through peasant proprietorship will do well to think twice, and three times, before they give them a favourable reply.

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